



Sheila Cohen, President

Connecticut Education Association

Before the

Appropriations Committee

Re: Retired Teachers' Health Insurance Fund

March 22, 2013

Connecticut Education Association

Governance

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Good afternoon Senator Harp, Representative Walker, and members of the Appropriations Committee. My name is Sheila Cohen. I am the president of the Connecticut Education Association, representing over 43,000 active and retired teachers across this state. My testimony represents CEA's opposition to Governor Malloy's proposal to eliminate the State's contribution to the retired teachers' health insurance fund.

It is our strong belief that the State should honor its obligation to Connecticut's teachers. Active and retired teachers have always dutifully made their required health insurance contribution. At present, all active teachers contribute 1.25% of salary annually into the retired teachers' health insurance fund. This contribution represents the largest contribution to this health fund. In 2012-13, active contributions of over \$45 million will be deposited into the Health Fund.

Retired teachers participating in the STRB's Medicare supplement plan also contribute a premium share to the Fund. In 2012-13, retiree's contributions will amount to almost \$38 million. Retired teachers and spouses under age 65 and over age 65 retirees who are not Medicare eligible obtain insurance through their last employing board of education, and they typically pay full cost of insurance, minus \$110 per month subsidy paid from the Health Fund. Monthly costs currently range from around \$400 to over \$900 per person, depending on local plans.

The law requires the State to pay one-third of the medical costs for retirees. Governor Malloy's budget proposal overrides this law and eliminates the State's contribution to the Health Fund for two years. This will save the State over \$70 million.

The reduction in the State's contribution to the Health Fund will negatively affect its long-term solvency. Active and retired teachers have been paying into the Health Fund with the understanding that it will be there for them when they retire. The retired teachers' health insurance fund is precisely that - an insurance policy. Individuals who pay annual premiums for insurance, regardless of the type of insurance, expect that the insurance company will pay for claims when they come due. Active teachers pay premiums every single year, and the realistic expectation is that the insurance company - the State of Connecticut in this instance - will live up to its responsibility when these teachers retire.

I respectfully ask the members of this Committee to oppose Governor Malloy's recommendation and instead restore the State's full share of the funding to the retired teachers' health insurance fund.

Thank you.